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ARKANSAS SECURITIES DEPT.

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-17-0032**

IN THE MATTER OF

**MALIK AKBAR (A.K.A. TYRONE WILIAMS);
AKBAR & ASSOCIATES LEGAL CORPORATION; and
INTEGRITY BENEFITS SOLUTION CORP.**

RESPONDENTS

REQUEST FOR CEASE AND DESIST ORDER

The Staff of the Arkansas Securities Department ("Staff") has received information and has in its possession certain evidence indicating that Malik Akbar, Akbar & Associates Legal Corporation, and Integrity Benefits Solution Corp. have violated provisions of the Arkansas Securities Act ("Act"), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509.

ADMINISTRATIVE AUTHORITY

1. This matter is brought in connection with violations of the Act and is therefore properly before the Arkansas Securities Commissioner ("Commissioner") in accordance with Ark. Code Ann. § 23-42-209.

RESPONDENTS

2. Malik Akbar ("Akbar"), also known by his birth name of Tyrone Williams, is an individual resident of the state of Arkansas. Akbar is the owner and sole officer of Akbar and Associates Legal Corporation and Integrity Benefits Solution Corp. Akbar has never been registered with the Arkansas Securities Department ("Department") in any capacity.

3. Akbar Williams & Associates Legal Services Corporation, which operates under the trade name Akbar and Associates Legal Corporation ("AALC"), is an Arkansas corporation with its principal place of business located at 7101 W. 12th Street, Suite 402, Little Rock, Arkansas 72204. Akbar is the owner and sole officer of AALC. AALC has never been registered with the Department in any capacity.

4. Integrity Benefits Solution Corp. (“IBSC”) is an Arkansas corporation with its principal place of business located at 7101 W. 12th Street, Suite 402, Little Rock, Arkansas 72204. Akbar is the owner and sole officer of IBSC. IBSC has never been registered with the Department in any capacity.

FACTS SUPPORTING REQUEST FOR CEASE AND DESIST ORDER

5. The once active website for AALC described the business as specializing in offering investment and financial services, as well as certain business advisory solutions. The AALC website advertised its investment services to potential investors by stating “[i]t can be a daunting process to invest your money. Get the help you need from the experienced professionals at Akbar & Associates Legal Corporation.” The website contained its contact information for a free consultation along with a number of sample forms and agreements which prospective investors could use to invest with the company.

6. Through its website, AALC guaranteed large returns to potential investors in a relatively short period of time. Under the heading “Make More Money,” the website promised “[y]ou’ll see a 15% [return] on \$250-\$2250 and 20% [return] on \$2500 and above improvement in your purchase – we **GUARANTEE** it!” A video on the website stated that “[w]e hire the best traders in the market and guarantee 15-30% improvement on your investments.”

7. As a part of the advertisement for its services, AALC purported to maintain close connections to community organizations and charities in the area. The website stated: “[w]e’re active in the community and donate to St. Jude, Susan G. Komen, Salvation Army, and the Humane Society.”

8. AALC and Akbar began soliciting investors through the use of the website as well as through the use of advertisements and mailing circulars sent throughout the country. The

advertisements and mailing circulars contained similar statements to the website by promising large, guaranteed returns to investors over a relatively short time period. From September 2016 to May 2017, Akbar and AALC solicited a minimum of \$212,844.44 from at least 95 investors across 31 different states.

9. In the case of each investment, Akbar caused AALC to issue a series of agreements to document and ratify the investment terms. In most cases, AALC and the investor would execute an Affiliate Agreement, an Affiliate Agent Agreement, an Authorization Form, a General Contract, a Partnership Agreement, a Promissory Note (Installment Repayment), a Collateral Payout Agreement, and a Payout Agreement. These agreements would be executed on behalf of AALC by Akbar, who in certain instances was named as a "Financial Consultant Professional."

(a). The Affiliate Agreement, Affiliate Agent Agreement, and Authorization Form established an affiliate relationship whereby the investor could refer future potential investors to Akbar and receive a commission on the monies invested as a result of the referral.

(b). The General Contract, Partnership Agreement, Promissory Note (Installment Repayment), Collateral Payout Agreement, and Payout Agreement (collectively referred to as the "Investment Contracts") established the amount and repayment terms of the actual investment.

(c). The Investment Contracts ratified and enforced the promises of large, guaranteed investment returns set out on the website and in the mailing circulars. The General Contract provided:

Party One (AALC) agrees to: TO PAYOUT 15% on \$250.00 to \$2,250.00, 20% on \$2,500.00 to \$5,000.00, 5% on \$6,000.00 to \$25,000.00, 4% on \$26,000.00 to \$45,000.00, 3% on \$46,000.00 to \$65,000.00, 2% on \$66,000.00 to \$85,000.00, and 1% on \$86,000.00 to \$100,000.00

Party Two (Investor) agrees to: RECEIVE PAYOUT of 15% on \$250.00 to \$2,250.00, 20% on \$2,500.00 to \$5,000.00, 5% on \$6,000.00 to \$25,000.00, 4% on \$26,000.00 to \$45,000.00, 3% on \$46,000.00 to \$65,000.00, 2% on \$66,000.00 to \$85,000.00, and 1% on \$86,000.00 to \$100,000.00

The Payout Agreement further fleshed out the repayment terms based on the percentages listed in the General Contract by stating:

SMALL PACKAGES

One Time Purchase Fee of \$250.00 has a payout of \$450.00 yearly or \$37.50 monthly. Plus, a \$25.00 bonus = \$62.50 monthly

One Time Purchase Fee of \$500.00 has a payout of \$900.00 yearly or \$75.00 monthly. Plus, a \$50.00 bonus = \$125.00 monthly

One Time Purchase Fee of \$750.00 has a payout of \$1,350.00 yearly or \$112.50 monthly. Plus, a \$75.00 bonus = 187.50 monthly

MEDIUM PACKAGES

One Time Purchase Fee of \$1,000.00 has a payout of \$1,800.00 yearly or \$150.00 monthly. Plus, a \$100.00 bonus = \$250.00 monthly

One Time Purchase Fee of \$1,250.00 has a payout of \$2,250.00 yearly or \$187.50 monthly. Plus, a \$125.00 bonus = \$312.50 monthly

One Time Purchase Fee of \$1,750.00 has a payout of \$3,150.00 yearly or \$262.50 monthly. Plus, a \$175.00 bonus = \$437.50 monthly

LARGE PACKAGES

One Time Purchase Fee of \$2,000.00 has a payout of \$3,600.00 yearly or \$300.00 monthly. Plus, a \$200.00 bonus = \$500.00 monthly

One Time Purchase Fee of \$2,250.00 has a payout of \$4,050.00 yearly or \$337.50 monthly. Plus, a \$225.00 bonus = \$562.50 monthly

One Time Purchase Fee of \$2,500.00 has a payout of \$6,00.00 yearly or \$500.00 monthly. Plus, a \$250.00 bonus = \$750.00 monthly

One Time Purchase Fee of \$3,000.00 has a payout of \$7,200.00 Yearly or \$600.00 monthly. Plus, a \$300.00 bonus = \$900.00 monthly

One Time Purchase Fee of \$4,000.00 has a payout of \$9,600.00 yearly or \$800.00 monthly. Plus, a \$325.00 bonus = \$1,125.00 monthly

One Time Purchase Fee of \$5,000.00 has a payout of \$12,000.00 yearly or \$1,000.00 monthly. Plus, a \$350.00 bonus = \$1,350.00 monthly

MEGA PACKAGES

One Time Purchase Fee of Six Thousand to Twenty-five Thousand Dollars with a 5% Monthly Payout for 5 Years

One Time Purchase Fee of Six to Forty-Five Thousand Dollars with a 4% Monthly Payout for 10 Years

One Time Purchase Fee of Forty-Six to Sixty-Five Thousand Dollars with a 3% monthly payout for 15 Years

One Time Purchase Fee of Sixty-Six to Eight-Five Thousand Dollars with a Monthly Payout for 20 Years

One Time Purchase of Eighty-Six to One Hundred Thousand Dollars a 1% Monthly Payout for 25 Years

The Promissory Note (Installment Repayment) established the time period that the investor would receive returns (including the “bonus”) in accordance with the schedule set out in the Payout Agreement.

(d). Additionally, the Payout Agreement restated the claims on the website that Akbar and AALC maintained close ties to religious, scholastic, and charitable organizations in the community by stating: “(AALC) provides a number of benefits, including Church Activities, Children, charities, and Communities of Akbar (*sic*) choosing . . . “

(e). As a part of the investment, the Investment Contracts conferred a 1/16th share of AALC to the investor in exchange for payment of the original investment amount. The Collateral Payout Agreement provided: “[f]or value received, 1/16th Share of (AALC), the undersigned (Investor) promise to pay to the order of (AALC), at its above office, the sum of (investment amount), the first installment to become due and payable the day agreement is settled,

with the understanding that you (Investor) would receive (repayment amount and terms were inserted here).”

10. Although AALC had each investor execute a Partnership Agreement, the return for each investor was dependent solely upon the efforts of the Respondents. The Investment Contracts conferred no control over business processes to the investor and clearly provided that the return for each investor was dependent solely on the efforts of the Respondents.

11. In recent months, Akbar shut down the website for AALC and rebranded his business under the name IBSC. The website for IBSC is located at www.integritybenefitssolution.com. The website for IBSC is nearly identical word-for-word to the former website for AALC described above. Akbar and IBSC advertise the same investment opportunity under the heading “Make More Money” and promise the same large, guaranteed returns to investors. Additionally, IBSC makes the same claims regarding ties to charitable organizations. In that vein, the IBSC website is actively soliciting funds for people and animal shelters affected by Hurricane Harvey with a total goal of raising ten million dollars for relief.

12. In marketing the aforementioned investments, Akbar, AALC, and IBSC made numerous statements to investors which were false and misleading, including, but not being limited to, the following:

(a). Akbar, AALC, and IBSC represented close connections to charitable, scholastic, and community organizations. The Staff’s investigation and analysis of applicable bank records found no contributions to any of the named organizations on the website and nothing to substantiate any of the purported connections to those organizations.

(b). Akbar, AALC, and IBSC claimed to hire “experienced professionals” and “the best traders in the market.” Akbar also represented himself in certain contracts as a “Financial

Consultant Professional.” The Staff’s search of Department records revealed no financial registrations for Akbar or any persons affiliated with Akbar or any of his businesses.

(c). Akbar, AALC, and IBSC guaranteed returns to investors. The Staff is unaware of any investment strategy that would allow for guaranteed returns on an investment.

(d). Akbar and AALC sold investments to investors and, in partial return, conferred a 1/16th share of AALC to the investor. The Staff found that Akbar and AALC conferred enough 1/16th shares of AALC to convey away 100% of AALC at least five times over. Therefore, although Akbar and AALC purported to convey away a 1/16th interest, investors were actually receiving a smaller percentage interest, if the conveyances were in any way valid.

13. In addition to making numerous false and misleading statements, Akbar, AALC, and IBSC failed to disclose to investors certain pertinent and material information related to the business and investments being offered, including, but not being limited to, the following:

(a). Akbar pleaded guilty to fraud in the United States District Court for the Eastern District of Arkansas in 2003 on charges arising out of an income tax scheme and was sentenced to serve 18 months in federal prison;

(b). Akbar pleaded guilty to fraud in the United States District Court for the Eastern District of Arkansas in 2008 on charges arising out of a healthcare scheme and was sentenced to serve 24 months in federal prison;

(c). Akbar was arrested on charges of aggravated assault on June 24, 2016 to which he later pleaded guilty in the Circuit Court of Pulaski County, Arkansas on April 27, 2017 and was sentenced to 24 months of probation;

(d). Akbar, AALC, and IBSC were not registered with the Department to sell investments within or outside the state of Arkansas.

14. As of the filing of this Request, the majority of investors have not received a return on their investment. Of the minority who actually received funds, most have not received the returns promised. While Akbar and AALC represented that investor funds would be invested to produce returns, the Staff's investigation found that the vast majority of funds were not invested as represented but, rather, converted to various improper purposes. Akbar used investor money to make cash withdrawals and pay for routine personal expenses such as automobile repairs, hotels, meals, and entertainment. Akbar also used investor funds to purchase luxury items such as jewelry and automobile improvements. In some instances, Akbar diverted funds from subsequent investors to pay returns owed to previous investors. The Staff found that investor funds have been dissipated and that no funds exist to generate returns to investors.

15. Several investors have contacted Akbar to receive information regarding the ongoing business of AALC and inquire as to whether they should expect any future returns on their investments. In response, Akbar has made "lulling statements" to investors which were false and misleading and designed to cover up his fraudulent statements and improper use of funds. These "lulling statements" include claims from Akbar that his identity has been stolen and that the FBI has frozen his business accounts as a result thereof.

16. The investments offered and sold by Akbar, AALC, and IBSC were not registered with the Department as securities pursuant to the Act. Regarding these investments, the Staff has found no record of a filing evidencing a proof of exemption in accordance with the Act and no notice filing pursuant to federal law in connection with a covered security.

APPLICABLE LAW

17. The Act was promulgated to protect investors and utilizes a broad and flexible definition of a security to determine which transactions fall under the Act's jurisdiction. *Carder*

v. Burrow, 327 Ark. 545, 549 (1997). Whether the subject transactions constituted securities transactions under the Act depends not upon labels or titles, but upon consideration of all relevant facts. See *Grand Prairie Sav. and Loan Ass'n, Stuttgart v. Worthen Bank and Trust Co.*, 298 Ark. 542, 545 (1989) (quoting *Schultz v. Rector-Phillips-Morse, Inc.*, 261 Ark. 769, 777 (1977)).

18. Ark. Code Ann. § 23-42-102(17)(A)(i) includes notes under the Act's definition of a security.

19. Ark. Code Ann. § 23-42-102(17)(A)(xi) includes investment contracts under the Act's definition of a security.

20. A security in the form of an investment contract exists when a transaction is an investment in the risk capital of a venture with an expectation of benefits but with a lack of control on the part of the investor. See *Smith v. State*, 266 Ark. 861, 865 (Ark. App. 1979); *Carder*, 327 Ark. at 549; see also *Securities and Exchange Comm'n v. W.J. Howey Co.*, 328 U.S. 293, 298-99 (1946) ("[A]n investment contract . . . means a contract, transaction or scheme whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party . . ."); *Grand Prairie Sav. and Loan Ass'n*, 298 Ark. at 545 (noting that the test used in *Smith* is substantially the same as the *Howey* test used in the federal courts).

21. In *Grand Prairie Sav. and Loan Ass'n*, 298 Ark. at 545, the Arkansas Supreme Court noted that the Arkansas test for a security is substantially the same test used in the federal courts and set forth in *Howey*. However, in *Schultz*, the Arkansas Supreme Court rejected an express adoption of the *Howey* test in favor of a more flexible case-by-case analysis. The Court held that the definition of a security under the Act should not be given narrow construction (as in *Howey*) but that "it is better to determine in each instance from a review of all the facts, whether

an investment scheme or plan constitutes an investment contract . . . within the scope of the statute.” *Schultz*, 261 Ark. at 781.

22. Ark. Code Ann. § 23-42-102(10) defines issuer as any person who issues any security.

23. Ark. Code Ann. § 23-42-501 provides that it is unlawful for any person to offer or sell any security unless it is registered, exempt, or a covered security.

24. Ark. Code Ann. § 23-402-301(a) provides that it is unlawful for any person to transact business as an agent of an issuer of securities without first being registered as such pursuant to the Act.

25. Ark. Code Ann. § 23-42-507(2) makes it unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.

26. Ark. Code Ann. § 23-42-507(3) makes it unlawful to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

CONCLUSIONS OF LAW

27. The subject Promissory Notes constitute securities as defined by Ark. Code Ann. § 23-42-102(17)(A)(i). The subject investments offered and issued by AALC and IBSC and pitched to investors by Akbar constitute securities as defined by Ark. Code Ann. § 23-42-102(17)(A). The securities were advertised, offered, and negotiated on the premise that investors would receive economic benefits in the form of returns on their principal investment. The investors contributed to the risk capital of AALC. The money invested was always subject to the risk that the Respondents would not fulfill promises and the investors would not receive the returns advertised.

The investors had no control over the “business strategy” employed by AALC which was necessary to generate the returns on the investments. The investments were advertised, marketed, and sold as the types of investments that the Act is intended to govern. Therefore, the subject transactions are securities under Ark. Code Ann. § 23-42-102(17)(A).

28. None of the securities offered or sold by Akbar, AALC, and/or IBSC were registered with the Department, exempt from registration with the Department, or classified as a covered security under federal law. Therefore, Akbar, AALC, and IBSC violated Ark. Code Ann. § 23-42-501 when they offered and/or sold the subject securities to investors.

29. AALC and IBSC are defined as issuers by Ark. Code Ann. § 23-42-102(10). The facts set out above demonstrate that Akbar represented AALC and IBSC in effecting or attempting to effect the sale of investments to investors. Therefore, Akbar acted as an unregistered agent of an issuer in violation of Ark. Code Ann. § 23-42-301(a).

30. Akbar, AALC, and IBSC committed securities fraud in violation of Ark. Code Ann. § 23-42-507(2) by making false and misleading statements to investors and by omitting to state material facts necessary to make statements made, in light of the circumstances under which they were made, not misleading, as set forth above in paragraphs twelve through fourteen.

31. Akbar and AALC committed securities fraud in violation of Ark. Code Ann. § 23-42-507(3) by engaging in an act, practice, or course of business that has operated as a fraud or deceit upon investors by not investing investor funds as promised and by converting those funds for the unauthorized personal use of Akbar, a purpose not aligned with the reasons for which the subject securities were advertised, marketed, or sold.

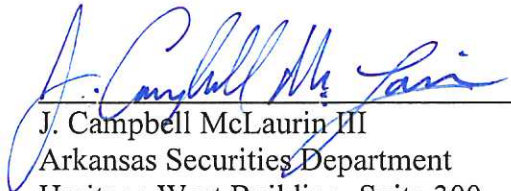
LEGAL AUTHORITY TO ISSUE CEASE AND DESIST ORDER

32. Ark. Code Ann. § 23-42-209(a)(1)(A) provides that whenever it appears to the Commissioner, upon sufficient grounds or evidence satisfactory to the Commissioner, that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of the Act, or any rule or order under the Act, the Commissioner may summarily order the person to cease and desist from the act or practice.

PRAYER FOR RELIEF

WHEREFORE, the Staff respectfully requests that the Commissioner summarily order Akbar, AALC, and IBSC to immediately cease and desist from offering and/or selling securities to residents of the state of Arkansas until such time as the securities in question and the entities and persons offering and selling the securities are all properly registered under the Act; that the Commissioner summarily order Akbar, AALC, and IBSC to immediately cease and desist from committing fraud or deceit in connection with the offer or sale of any securities to residents of the state of Arkansas; and, for all other just and proper relief to which the Staff may be entitled.

Respectfully Submitted,


J. Campbell McLaurin III
Arkansas Securities Department
Heritage West Building, Suite 300
201 East Markham Street
Little Rock, Arkansas 72201
Counsel for the Staff